**GOVERNMENT OF ANDHRA PRADESH**
**ABSTRACT**

Extension of certain incentives under Industrial Development Policy 2015-20 to M/s.Greenply Industries Ltd., for setting up of Greenfield Medium Density Fibre Board (MDF) plant in Chittoor District – Orders- Issued.

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**INDUSTRIES & COMMERCE (P&I) DEPARTMENT**

G.O.Ms.No. 115 Dated: 23-08-2016

Read the following:-

(1) From the Authorised Signatory, M/s. Greenply Industries Ltd. group, Dt: 21-4-2016 & 26.04.2016.
(2) Empowered Committee of Secretaries Meeting held on 20-6-2016.
(3) State Investment Promotion Board Meeting held on 08.07.2016.

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**O R D E R**

In the reference 1st read above, M/s. Greenply Industries Ltd. (Group) is commissioning a Greenfield MDF plant along with other balancing equipment and short cycle press for pre-laminated MDF Boards at Chittoor District, Andhra Pradesh with an installed capacity to produce 1,200 cubic meters of MDF per day. The total Project Cost is to the tune of Rs. 758.15 Crore over a period of two years and the direct employment generation would be around 225 and indirect employment of 350. The Company requested for the following:

(i) 100% exemption/reimbursement of stamp duty for purchase of land for industrial use.
(ii) Other concessions / benefits as per IDP 2015-2020
(iii) To provide uninterrupted (24*7) electricity.
(iv) To promote the use of industrial products in AP. The Company would want their MDF products to be given priority in interior works and furniture across all state institutions and incorporate the same in SOR of AP.
(v) Support for procuring GoI Incentives.
(vi) Company has requested for State Government support for getting incentives/ benefits extended by the Central Government.
(vii) To grant a fixed power cost reimbursement @Rs. 1.5 per unit during the first year of commencement of production. With respect to the remaining years, the rate of reimbursement may be regulated on yearly basis keeping in view the changes in tariff structures to ensure that the power cost is pegged down to the first year level.
(viii) Conversion charges for land to be reimbursed to the extent of 100%.
(ix) To extend the facility of waiver of electricity duty, development charges, regulatory surcharge and any other similar levies to be imposed in relation to supply power for a period of 10 years from the commencement of production.
(x) To provide uninterrupted water. The Company needs approximately 1525 kl water per day to run the plant. The approval for this request has already been granted to M/s. Greenply Industries Ltd. by Water Resource Department Chief Engineer NTR Telugu Ganga Project, Tirupati, vide his letter dated 07.11.2015.
(xi) The Company requests for suitable external infrastructure to supply water at their door step with no cost to company. The cost for laying water pipeline is estimated at Rs 0.70 Crore.
(xii) To provide Road Network of 5km with two lane road from Chembedu R&B road to Aradhamal via Greenply industries site of Pelkur Mandal and BT surface road from Chembedu - Alathru road to Greenply via Routhusumala HW Thottambedu Mandal. A preliminary survey and feasibility has been conducted by Nellore and Chittoor Panchayat Raj department for the same and the cost has been estimated at Rs 6 Crore.
(xiii) The company needs approximately 20 MW with a power line of 132 KVA and company is ready to provide land for installation of switching and substation. The line distance is around 5 km. The cost is estimated at Rs 13.00 Crore.

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(xiv) 100% exemption of net VAT/CST payable up to a ceiling of 100% of capital expenditure.
(xv) Exemption of VAT/Works Contract Tax on Installation/erection of plant and machinery.
(xvi) In case of GST implementation and abolishment of VAT/CST, similar benefits of VAT and CST should be applicable and continued for the granted time period and value.
(xvii) Upfront exemption from market fees to be paid in relation to procurement of wood raw material.
(xviii) Reimbursement of 100% cost incurred towards capital expenditure for green measures with a ceiling of INR 50 crores. The Company would be following below measures:
- Construction of waste water treatment plant with Zero Discharge system
- Erection of bio mass plant
- Adoption of rain water harvesting
- Obtaining green rating for its manufacturing facility.

(xix) Reimbursement of 75% capital expenditure and machinery without any ceiling for cleaner production measures The Company has planned to incorporate pneumatic exhaust cleaning system and a wet scrubber press – exhaust system complying with European standards of exhaust emissions.

2. In the reference 2nd read above, the Empowered Committee of Secretaries has discussed the proposal of M/s. Greenply Industries Ltd. in detail and recommended to SIPB with the following incentives for the proposed facility:

(i) Reimbursement of 100 % VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
(ii) Reimbursement of power cost @Rs.1.00 per unit for a period of 7 years from the date of commencement of commercial production, as the project being 1st of its kind in AP and located in backward district.
(iii) 75% of cost of external infrastructure cost including approach roads, power supply on 132 KV line and pipeline for water supply limited to Rs.(14.775) crores, since the infrastructure proposed to be provided is not captive for the unit but also serves the units/villages surrounding the area in which the unit is located.
(iv) Reimbursement of 50% cost incurred towards capital expenditure for green measures with a ceiling of INR 50 crores.
(v) Reimbursement of 100 % NALA charges.
(vi) All other benefits as per Industrial Development Policy (IDP) 2015-20.

3. In the reference 3rd read above, the State Investment Promotion Board (SIPB) has discussed the proposal of M/s. Greenply Industries Ltd. in detail and decided to extend the following incentives:

(i) Reimbursement of 100 % VAT/CST/SGST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
(ii) Reimbursement of power cost @Rs.1.00 per unit for a period of 7 years from the date of commencement of commercial production, as the project being 1st of its kind in AP and located in backward district.
(iii) 75% of external infrastructure cost, including approach roads, power supply on 132 KV line and pipeline for water supply limited to Rs. 14.775 crores or actuals whichever is less, since the infrastructure proposed to be provided is not captive for the unit, but also serves the units/villages surrounding the area in which the unit is located, as ascertained from the report obtained from ZM, APIIC, and the estimates shall be approved by the appropriate departments.
(iv) Reimbursement of 50% cost incurred towards capital expenditure, with components for green measures as defined in Industrial Development Policy 2015-20, with a ceiling of INR 50 crores.
(v) Reimbursement of one time land conversion cost from Agriculture to Industrial use.

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(vi) All other benefits as per Industrial Development Policy (IDP) 2015-20.

4. Government after careful examination of the recommendations of the State Investment Promotion Board, hereby decided to extend the following incentives to M/s. Greenply Industries Ltd. to their commissioning Greenfield MDF plant along with other balancing equipments and short cycle press for pre-laminated MDF Board at Chittoor District with a project cost of Rs. 758.15 crores over a period of two (2) years and generating employment around 575 persons:

(i) Reimbursement of 100 % VAT/CST/SGST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
(ii) Reimbursement of power cost @Rs.1.00 per unit for a period of 7 years from the date of commencement of commercial production, as the project being 1st of its kind in Andhra Pradesh and located in backward district.
(iii) 75% of external infrastructure cost, including approach roads, power supply on 132 KV line and pipeline for water supply limited to Rs. 14.775 crores or actuals, whichever is less since the infrastructure proposed to be provided is not captive for the unit, but also serves the units/villages surrounding the area in which the unit is located, as ascertained from the report obtained from ZM, APIIC, and the estimates shall be approved by the appropriate departments.
(iv) Reimbursement of 50% cost incurred towards capital expenditure, with components for green measures as defined in Industrial Development Policy 2015-20., with a ceiling of INR 50 crores.
(v) Reimbursement of one time land conversion cost from Agriculture to Industrial use.
(vi) All other benefits as per Industrial Development Policy (IDP) 2015-20.

5. The Director of Industries, Andhra Pradesh, Hyderabad shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, Andhra Pradesh, Hyderabad.
M/s. Greenply Industries Ltd. through the Director of Industries, Andhra Pradesh Hyderabad
Copy to:
The Finance (FMU.Rev-IC)Dept.,
The Water Resources Department
The Revenue (CT) Department.
The Revenue (Registration) Department.
The Law (H) Department.
The Accountant General, Andhra Pradesh, Hyderabad
The Commissioner of Commercial Taxes, Hyderabad
The Vice Chairman & Managing Director, APIIC, Hyderabad.
The District Collector, Chittoor.
The General Manager, District Industries Centre, Chittoor.
The Zonal Manager, APIIC, Chittoor.
P.S. to Principal Secretary to Chief Minister
P.S. to Chief Secretary to Government
P.S. to Secretary to Government & CIP, Industries & Commerce Dept.
SC/SF.

//FORWARDED :: BY ORDER//

SECTION OFFICER